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SUBJECT: IRELAND SUPPORTIVE OF FATF STATEMENT AND GUIDANCE
ON IRAN

REF: STATE 149648

Classified By: POLITICAL AND ECONOMIC SECTION CHIEF
TED PIERCE FOR REASONS 1.4 (B) AND (D).

¶1. (U) Summary: Irish officials say they will ensure that the recent FATF warning of risks associated with Iran-related financial transactions, and FATF guidance on implementing targeted financial sanctions against Iran, (reftel) reaches all concerned parties.

Department of Finance officials noted they were already aware of the information through their contacts with FATF, saying that Irish banks take Iranian asset freezes seriously. The Irish Government will soon issue formal guidance for financial institutions in implementing financial sanctions against Irn. End Summary.

¶2. (U) Econoffs delivered points and background in reftel to Karen Miller in the International Terrorism and Illicit Drugs division of the Department of Foreign Affairs. While Miller did not have immediate feedback, she noted that she would pass the information on to appropriate colleagues in the Middle East and UN Sanctions sections and that the issue would be raised at the next Interdepartmental Sanctions Committee meeting.

¶3. (U) Also on October 9, Econoffs spoke with Department of Finance officials Brid Kemple, Assistant Principal Officer, Taxation and Financial Services Division, and Dermot Keane, Principal Officer, Domestic Financial Regulation Unit. Kemple informed Econoffs that she was already aware of the information in reftel through her contacts with the FATF and that the government and Irish banks take the issue of asset freezes seriously. Kemple added that the Interdepartmental Sanctions Committee, formed in 2006, meets regularly to deal with sanctions issues that cross department lines, such as asset freezes, trade sanctions, and visa bans.

¶4. (C) Kemple and Keane informed Econoffs about the asset freeze process in Ireland, noting that Ireland does not freeze assets without an implementing EU regulation. While Dublin could implement a domestic regulation, there would be no advantage to doing so as the standards and timeframe would be the same as the EU. Typically, the EU Commission takes a few days after UN action to implement its own measures. Keane suggested that it would be useful for the EU to speed up this process. While Irish banks officially cannot freeze assets without an EU regulation, in practice, they are aware of US and UN lists and can process transactions slowly, or hold payments, until the EU

regulation becomes effective.

¶ 15. (SBU) According to Kemple, Department of Finance officials plan to meet with banking and trade officials in two weeks to begin to develop formal domestic guidance to further assist financial institutions in implementing sanctions including, for example, a list of the exports requiring licenses. Kemple noted that they will be looking to counterterrorism guidance as a possible template, as well as how banks have implemented previous political sanctions.

¶ 16. (U) Kemple and Keane noted that Irish banks do not want to harm their relationship with the United States and therefore are quite diligent in enforcing sanctions. However, they are sometimes in a difficult position as they are open to legal action if a customer is targeted unfairly. One of the biggest problems for banks is "false positives," which Kemple explained is primarily due to software issues.

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